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ABSTRACT

Changes in participation in five U.S. Department of Education student financial aid programs were assessed for 1974 and 1981. These programs are the National Direct Student Loan (NDSL) program, the College Work Study program, the Supplemental Educational Opportunity Grant (SEOG) program, the Guaranteed Student Loan (GSL) program, and the Pell or Basic Educational Opportunity Grant (BEOG) program. The following characteristics of student aid recipients were assessed: parental income, race/ethnicity, gender, and parental educational attainment. Findings include the following: student aid became more concentrated on freshmen from families with incomes of over $20,000; GSL participation rates increased 259 percent; Pell Grant (BEOG) freshman participation rates increased 48 percent; gender and parental educational attainment did not change much; and campus-based student aid participation rates changed little, except that higher income students gained more of the moderate funding increases than did lower income students, black NDSL program participation declined 19 percent, and white SEOG program participation declined 75 percent. It is concluded that student aid recipients differed most along the dimensions of family income and race. The study methodology is summarized. (SW)

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CHANGING CHARACTERISTICS OF STUDENT AID RECIPIENTS 1974, 1981

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EXECUTIVE SUMMARY

This study investigated whether participation in the five Department of Education student aid programs changed between 1974 and 1981. The characteristics of student aid recipients were analysed on the basis of their:

- Parental Income
- Race and Ethnicity
- Gender
- Parental Educational Attainment

Family income for 1974 was restated in 1981 dollars to permit analysis on the basis of constant purchasing power. Data from The American Freshman: National Norms for 1974 and 1981 were used in the study.

The Middle Income Student Assistance Act of 1978 (MISAA) and other changes in the student aid programs had a significant effect on the characteristics of students who were receiving aid in 1981 in comparison to 1974. The effect of the removal of the income ceiling for eligibility for participation in the Guaranteed Student Loan (GSL) program was a dramatic increase in program participation by higher income students. White students, in particular, received considerable assistance from this program. Expansion of Pell grant eligibility to higher income students made more middle-income students eligible for grant aid.

Black and Hispanic students gained less from the legislated changes in the student aid programs than did white students. Minority students were significantly less likely to participate in the GSL program than were white students. Minority students were more likely to participate in the Pell program than were white students. However, awards under this program declined (after removal of inflation effects) in size between the two years. Thus, it appears that higher income, generally white, students gained more from the legislated changes than did lower income, more often black or Hispanic, students.

Specifically, the study found:

- Student aid became more concentrated on freshmen from families with over $20,000 in income.
  - The percentage of aided students from higher income families doubled (21% to 43%) from 1974 to 1981.
    - For white students, the proportion aided went from 20 percent to 42 percent (+113%).
    - For black students, the proportion aided went from 44 percent to 51 percent (+18%).
  - White student aid recipients were more likely to have family income over $20,000 than under $20,000.
    - In 1974, 59 percent of recipients had family incomes of over $20,000.
    - In 1981, 63 percent (+9%) of recipients had family incomes of over $20,000.
  - However, black student aid recipients were more likely to have family income under $12,500 than over $12,500.
    - In 1974, 51 percent of recipients had under $12,500 in family income.
    - In 1981, 57 percent (+12.8%) of recipients had under $12,500 in family income.
- Guaranteed Student Loan (GSL) participation rates increased 259 percent between 1974 and 1981.
  - Higher income students were more likely to participate in the GSL program than were lower income students.
  - Approximately 25 percent of all students received GSL loans by 1981.
- Pell Grant (BEOG) freshman participation rates increased 48 percent between 1974 and 1981.
  - Lower income students were more likely to participate in the Pell program than were higher income students.
  - Approximately 25 percent of all students received Pell grants by 1981.

- Campus-based student aid participation rates changed little between 1974 and 1981, except:
  - Higher income students gained more of the moderate funding increases than did lower income students.
  - Black participation in the NDSL program declined 19 percent.
  - White participation in the SEOG program declined 75 percent.
- Other student characteristics, gender and parental educational attainment, did not change much between 1974 and 1981.
  - The percentage of women receiving aid increased at a faster rate than did the rate for men.
  - The effect of parental education tended to be similar to the effect of family income, but not as pronounced.

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INTRODUCTION

This study describes changes in the student aid recipient population between 1974 and 1981. The changes are attributed to legislative modifications that redirected student aid to new groups in the population.

Each of the five major student aid programs administered by the Department of Education was started at a different time, for somewhat different purposes, and often to serve different student populations. The earliest program, dating from 1958, is the National Direct Student Loan (NDSL) program. Originally the National Defense Student Loan Program, the NDSL was incorporated into the Higher Education Act of 1965, which was a part of the War on Poverty. That Act also included the College Work Study (CWS) and Supplemental Educational Opportunity Grant (SEOG) programs. These programs gave aid to students based on need. The Guaranteed Student Loan (GSL) program also part of the 1965 legislation, was developed to provide private credit to students who would otherwise find it difficult to obtain bank loans to fund their education.

The Education Amendments of 1972 defined a clear Federal role in higher education. Federal funds were to go to the neediest students, with the cost of education also being taken into account. The Basic Educational Opportunity Grant (now called the Pell Grant) program and the State Student Incentive Grant program (SSIG) were to implement these goals. CWS, SEOG and GSL continued to operate.

Since 1972, several legislative changes in these programs have broadened the eligible student population. The Middle Income Student Assistance Act of 1978 (MISAA) caused a substantial shift of Pell grant awards toward middle-income students, i.e., families with incomes over $15,000. MISAA also eliminated the cap on eligibility for GSL loans, which had previously been $25,000. In addition, reauthorization legislation in 1976 and 1980 expanded eligibility to higher income groups.

The five aid programs, taken together, grew significantly over the 1974-1981 period. The sum of the appropriations for BEOG, SEOG, NDSL and CWS plus the loan volume under GSL increased from $2.2 billion in 1974 to $11.0 billion in 1981. When the 1974 total is inflated to 1981 dollars, the overall growth in student aid was 173.5 percent. Table I indicates that growth in the Pell and GSL programs accounted for almost the entire increase in student aid resources.

The remainder of this paper examines how characteristics of student aid recipients changed between 1974 and 1981. The investigated characteristics are:

- Parental Income
- Race and Ethnicity
- Gender
- Parental Education

The data on these variables was taken from The American Freshman: National Norms for 1974 and 1981. Parental income reported for 1974 has been restated in 1981 dollars to make possible comparisons based on purchasing power. A full description of the methodology used in the study is appended to the end of this report.

Table I

Federal Appropriations for Five Student Financial Assistance Programs
(in millions)

Program	1974	1981	% Change in 1981 Dollars
Pell Grants (BEOG)	$ 457	$2,604	+213.4
Supplemental Grants (SEOG)	210	370	-3.1
Guaranteed Loans (GSL) (Loan Value)	982	7,300	+309.0
Direct Loans (NDSL) (Federal Share)	298	200	-63.1
College Work Study (CWS)	270	550	+12.0
Total	$2,217	$11,024	+173.5%

Source: U.S. Department of Education, Annual Evaluation Report Vol. II, Fiscal Year 1982, Office of Planning, Budget, and Evaluation.

Note: % Change values calculated after 1974 aid amounts were inflated to 1981 dollars.

RESULTS

Review of Aid Programs

The percentage of freshmen who received student aid from the Pell, GSL, CWS, SEOG and NDSL programs more than doubled between 1974 and 1981. In 1981, 46.1 percent of all freshmen received aid while, in 1974, only 20.8 percent received aid. Participation increased the greatest amount in the GSL program (258.8%), followed by the Pell grant program (48.2%). These are the two largest aid programs, accounting for 64.9 percent of student aid dollars in 1974 and 89.8 percent in 1981.

The other three aid programs (CWS, NDSL and SEOG), known collectively as the "campus-based" programs, also increased in the proportion of students aided between 1974 and 1981. However, both the proportion of students aided and the resources in these programs are considerably smaller than those associated with the Pell and GSL programs. Table II indicates the utilization of each of the aid programs by first-year, first-time college students.

Parental Income

Students from lower income families were more likely to receive aid than were students of higher income families in both 1974 and 1981. However, the differences in participation according to family income became smaller. Between 1974 and 1981, the proportion of aided students from families with income under $6,000 declined from 69.8% to 67.3%. In contrast, students from families with income of $40,000 or more increased their participation in the aid programs from 10.2 percent in 1974 to 31.5 percent in 1981 (an increase of 207.9 percent). Table III reports the percentage of students by family income who received aid from the Pell, GSL, SEOG, NDSL and CWS programs. The table reports the proportion aided without duplication in the case of students who received multiple awards.

Table II

Proportion of Students Aided by Federal Education Programs
1974, 1981

Program	1974 % Aided	1981 % Aided	% Change in Proportion Aided
GSL	6.78	24.33	+258.8
Pell Grant	17.24	25.55	+48.2
CWS	8.25	11.68	+41.6
NDSL	5.80	7.26	+25.2
SEOG	4.37	6.07	+38.9
Unduplicated Count	20.84	46.10	+121.2

Source: Freshman Norms: 1974, 1981.
Note: Includes both dependent and independent freshmen.

Table III

Distribution of Aided Dependent Students
by Parental Income
1974, 1981

Income Category	1974 % Aided	1981 % Aided	% Change in Proportion Aided
$ 0 - 6	69.80	67.30	-3.6
6.0 - 12.5	49.13	65.47	+33.3
12.5 - 20.0	42.34	58.04	+37.1
20.0 - 30.0	32.17	50.77	+57.8
30.0 - 40.0	22.73	42.77	+88.2
40.0 +	10.24	31.53	+207.9

Source: Freshman Norms: 1974, 1981.
Note: 1974 incomes inflated to 1981 dollars.

Table IV summarizes the participation rates of students in each of the five student aid programs. Family income has been collapsed into either above or below $20,000. This division was chosen as approximating the 1981 median family income of $22,388. In each program, the increase between 1974 and 1981 in the proportion aided was greater among higher income students.

However, the five aid programs evolved differently between 1974 and 1981. The Pell and SEOG programs became slightly more focused on students with family incomes under $20,000. The GSL, NDSL and CWS programs were more likely to provide funds to students with family incomes over $20,000 in 1981.

Most notable is the change that occurred in the GSL program. In 1974, 9.05 percent of the under $20,000 students received guaranteed student loans. More than one third (36.95%) of the 1974 GSL recipients had a family income under $20,000. In 1981, 22.83 percent of the under 20,000 income students received guaranteed student loans. Less than one third (29.18%) of the 1981 GSL recipients had family income under $20,000.

Table V indicates that students from families with income under $6,000 were less likely to participate in all programs except GSL in 1981 than was the case in 1974. Even in the case of GSL, the increase for the lowest income group was the smallest among all the income groups.

Race and Ethnicity

White students increased their participation in the aid programs relative to other groups between 1974 and 1981. But minority students were still more likely to receive aid than were white students in 1981. The difference between the groups in the proportion aided declined. Table VI describes the unduplicated proportion of students receiving aid in 1974 and 1981.

The key programs, GSL and Pell, show how the gap narrowed between the two years (Table VII). The largest increase in proportion aided occurred among white students receiving a GSL.

Table IV

Summary
Percent Aided by Program and Income
Dependent Students
1974, 1981

Program Income Class	1974 % Aided	1981 % Aided	% Change in Proportion Aided
BEOG			
<$20,000	35.91	49.07	+36.65
>$20,000	10.25	14.65	+42.93
GSL			
<$20,000	9.05	22.83	+152.27
>$20,000	6.28	28.52	+354.14
SEOG			
<$20,000	8.99	12.04	+33.93
>$20,000	2.20	3.47	+57.72
NDSL			
<$20,000	11.60	10.96	-5.52
>$20,000	4.34	6.43	+48.16
CWS			
<$20,000	15.67	18.37	+17.23
>$20,000	5.77	9.22	+59.79
Unduplicated			
<$20,000	47.56	62.19	+30.76
>$20,000	20.77	42.99	+103.61
Percent of Recipients under $20,000			
BEOG	58.77	63.30	+7.71
GSL	36.95	29.18	-21.03
SEOG	62.47	64.08	+2.58
NDSL	52.06	46.73	-10.24
CWS	52.49	50.65	-3.51
Unduplicated	48.19	43.04	-10.69

Source: Freshman Norms: 1974, 1981.
Notes: - 1974 incomes inflated to 1981 dollars.
- Aid recipients with unspecified family income are excluded.

Table V

Distribution of Aided Dependent Students by Program and Family Income

Family Income	BEOG			GSL			SEOG			NDSL			CWS		
	1974	1981	% Change	1974	1981	% Change	1974	1981	% Change	1974	1981	% Change	1974	1981	% Change
$ 0 - 5,999	65.7	59.4	-9.6	8.9	17.1	+92.1	17.3	15.0	-13.3	14.2	8.8	-38.0	25.3	19.8	-21.7
6,000 - 12,499	37.2	54.6	+46.8	9.1	21.1	+131.9	9.3	13.5	+45.0	11.7	11.4	-2.6	16.1	19.2	+19.3
12,500 - 19,999	29.5	41.5	+4.1	9.1	26.0	+185.7	7.2	10.0	+38.9	11.0	11.3	+2.7	15.6	17.2	+10.3
20,000 - 29,999	18.2	24.5	+34.6	8.8	30.1	+242.0	4.2	6.0	+42.9	7.9	9.5	+20.3	9.7	13.0	+42.3
30,000 - 39,999	9.3	11.8	+26.9	7.9	30.2	+282.3	1.8	2.7	+50.0	4.8	6.2	+29.2	6.1	9.0	+47.5
40,000 plus	4.3	5.1	+18.6	3.2	25.1	+684.4	0.8	1.1	+37.5	1.1	2.9	+163.6	2.4	3.8	+58.3
Unspecified	8.1	15.2	+87.7	3.0	16.4	+446.7	1.9	3.0	+57.9	2.6	4.1	+57.7	3.9	6.0	+74.4

Source: Freshman Norms: 1974, 1981.
Note: 1974 incomes inflated to 1981 dollars.

Table VI

Proportion of Students Aided by Racial and Ethnic Category
1974, 1981

Racial and Ethnic Group	1974 % Aided	1981 % Aided	% Change in Prop. Aided
White	18.59	44.79	+140.94
Black	37.91	60.20	+58.80
Hispanic	30.55	50.65	+65.79
Other	22.00	44.20	+100.91

Source: Freshman Norms: 1974, 1981.

Table VII

Pell Grants and GSL by Racial and Ethnic Group
1974, 1981

Racial and Ethnic Group	Pell Grants			GSL		
	1974 % Aided	1981 % Aided	% Change in Prop. Aided	1974 % Aided	1981 % Aided	% Change in Prop. Aided
White	14.18	22.37	+57.76	6.61	26.30	+297.88
Black	39.32	51.40	+30.72	9.43	14.13	+49.84
Hispanic	35.40	40.13	+13.36	6.15	14.37	+133.66
Other	19.23	28.90	+50.29	6.32	18.66	+195.25

Source: Freshman Norms: 1974, 1981.

Black and Hispanic students showed the smallest increase in GSL aid. White students were the most likely to participate in the GSL program by 1981. The changes in the Pell program also were proportionally larger for white students than for the other groups. However, black and Hispanic students remained the groups most likely to receive Pell grants in both years.

There were also significant changes in the participation rates in the three campus-based student aid programs: NDSL, CWS and SEOG (Table VIII). Black students showed a decline in participation in NDSL, and there was a large decline in the proportion of white students using SEOG. The increase in the proportion of black students in CWS was considerably less than that for the other groups.

Race and Income

The probability that a student aid recipient's family income was greater than $20,000 increased from 51.81 percent in 1974 to 56.96 percent in 1981 (Table IX). Over-$20,000 white student aid recipients accounted for 59.10 percent of all white aid recipients in 1974 and 62.87 percent in 1981. Among black student aid recipients the proportion of aid recipients from families with income over $20,000 actually declined from 24.19 percent in 1974 to 22.92 percent in 1981.

The median income for black families in 1981 was only 56.41 percent of the median income for white families: $13,266 versus $23,517. This explains, in part, why three quarters of all black aid recipients had family incomes under $20,000. However, the further concentration of black aid recipients at the lower income levels is even more pronounced when family incomes are divided at $12,500 (an approximation of the $13,266 black median). Thus, in 1974, 49.07 percent of all black aid recipients came from families with income over $12,500. In 1981, only 42.56 percent (a 12.8% decline) of black aid recipients had family income over $12,500.

The by-income summary data for white and black aid recipients (Table IX) indicates that the greatest change occurred

Table VIII

Participation in NDSL, CWS, and SEOG
by Racial and Ethnic Group
1974, 1981

Racial and Ethnic Group	1974 % Aided	1981 % Aided	% Change in Prop. Aided
		NDSL	
White	5.33	7.18	+34.7
Black	10.74	8.67	-19.3
Hispanic	5.80	7.82	+34.8
Other	5.39	7.62	+41.4
		CWS	
White	7.18	10.36	+44.3
Black	16.94	19.40	+14.5
Hispanic	11.39	15.09	+32.5
Other	9.38	12.94	+38.0
		SEOG	
White	19.60	4.92	-74.9
Black	11.42	13.81	+20.9
Hispanic	9.50	13.84	+45.7
Other	6.11	9.38	+53.5

Source: Freshman Norms: 1974, 1981.
Note: Includes both dependent and independent freshmen.

Table IX

Summary
Percent Aided by Race and Income
Dependent Students
1974, 1981

Income	1974 % Aided	1981 % Aided	% Change in Prop. Aided
All Students			
<$20,000	47.56	62.19	+30.76
>$20,000	20.77	42.99	+103.61
White Students			
<$20,000	43.21	60.31	+39.57
>$20,000	19.75	42.02	+112.76
Black Students			
<$20,000	65.49	71.45	+9.10
>$20,000	43.51	51.25	+17.79
Hispanic Students			
<$20,000	57.21	62.64	+9.49
>$20,000	32.70	45.77	+39.97
Other Students			
<$20,000	40.37	56.89	+40.92
>$20,000	22.04	39.07	+77.27
Percent of Recipients under $20,000			
All Students	48.19	43.04	-10.69
White Students	40.90	37.13	-9.22
Black Students	75.81	77.08	+1.68
Hispanic Students	76.55	66.29	-13.40
Other Students	63.72	55.02	-13.65

Source: Freshman Norms: 1974, 1981.
Notes:
- 1974 incomes inflated to 1981 dollars.
- Aid recipients with unspecified family income are excluded.
- Interpretation of the by-income data for Hispanic and Other students is constrained by very small sample size.

among white students from families with more than $20,000 income. The proportion of white students from families with more than $20,000 income receiving aid more than doubled between 1974 and 1981. Black students with family incomes of greater than $20,000 increased their participation in aid programs by only 17.79 percent.

In summary, higher income white students increased their participation in the aid programs to a greater extent than did lower income white students between 1974 and 1981. Over the same time period, aid to black students was increasingly concentrated on lower income students.

Gender

One of the major enrollment trends of the 1970's was the large increase in the enrollment of women relative to men. The enrollment increase of women was accompained by an increase in the proportion of women receiving student aid. However, the changes in the proportions of aided women relative to aided men are not of sufficient magnitude to suggest that the enrollment changes are explained by changing student aid patterns.

Table X indicates that the increases between 1974 and 1981 in the proportion of aided students was somewhat higher for women than it was for men. In 1974, men were slightly more likely than women to receive aid from the GSL, Pell and SEOG programs. Women were slightly more likely than men to receive CWS and NDSL aid in that year. In 1981, men were more likely to receive aid than women only in the GSL program. The other four programs showed slightly higher participation rates for women than they did for men.

Parental Education

The distribution of aided students according to their parents' educational attainment reveals a pattern similar to that obtained when the aided students were distributed according to their parents' income. A comparison of the distribution of

Table X

Participation Rates in Student Aid Programs by Gender
1974, 1981

Gender	1974 % Aided	1981 % Aided	% Change in Prop. Aided
	CWS Recipients		
Male	7.00	10.23	+29.5
Female	8.64	12.34	+42.8
	NDSL Recipients		
Male	5.62	6.92	+23.1
Female	5.99	7.57	+26.4
	GSL Recipients		
Male	7.26	25.04	+244.9
Female	6.26	23.67	+278.1
	SEOG Recipients		
Male	4.53	6.01	+32.7
Female	4.18	6.13	+46.7
	BEOG Recipients		
Male	17.66	24.03	+36.1
Female	16.71	26.97	+61.4
	Unduplicated Count		
Male	20.90	44.84	114.5
Female	20.32	47.28	132.7

Source: Freshman Norms: 1974, 1981.
Note: Includes both dependent and independent freshmen.

aided students by parental income (Table III) and by parental education attainment (Table XI) demonstrates the similarities. The progression is sharper in the by-income distribution than it is in the by-education distribution. This is to be expected since the correlation between educational attainment and annual income is significant but not perfect.

The patterns remain similar when participation in the five programs are examined separately. The only students to show a decline in participation rate were children of grammar school-trained parents in the case of the NDSL program. Tables XII, XIII, XIV, XV and XVI show the distribution of aided students in 1974 and 1981 in the five programs according to their parents' educational attainment.

Table XI

Distribution of Aided Students by Education of Parents
1974, 1981

Parental Education Level	1974 % Aided	1981 % Aided	% Change in Prop. Aided
Grammar School	29.35	51.38	+75.1%
Some High School	27.69	53.42	+92.9
High School Grad.	23.01	49.96	+117.1
Postsec., Not College	22.44	49.65	+121.3
Some College	19.11	46.83	+145.1
College Degree	13.90	40.98	+194.8
Some Grad. School	15.44	45.50	+194.7
Graduate Degree	11.74	38.05	+224.1
Total	20.84	46.10	+121.2

Source: Freshman Norms: 1974, 1981.
Note: Includes both dependent and independent freshmen.

Table XII

Distribution of Pell Grant Aid by Parental Education Level
1974, 1981

Parental Education Level	1974 % Aided	1981 % Aided	% Change in Prop. Aided
Grammar School	29.25	39.30	+34.4
Some High School	25.59	38.53	+50.6
High School Grad.	18.83	30.13	+60.0
Postsec., Not College	16.87	25.82	+53.1
Some College	14.08	25.20	+79.0
College Degree	9.79	16.36	+67.1
Some Grad. School	10.35	17.37	+67.8
Graduate Degree	8.38	12.85	+53.3
Total	17.24	25.55	+48.2

Source: Freshman Norms: 1974, 1981.
Note: Includes both dependent and independent freshmen.

Table XIII

Distribution of GSL Aid by Parental Education Level
1974, 1981

Parental Education Level	1984 % Aided	1981 % Aided	% Change in Prop. Aided
Grammar School	7.46	17.13	+129.6
Some High School	8.09	21.62	+167.2
High School Grad.	7.45	24.93	+234.6
Postsec., Not College	8.41	27.82	+230.8
Some College	7.07	25.54	+261.2
College Degree	5.51	26.38	+378.8
Some Grad. School	6.44	29.52	+358.4
Graduate Degree	4.55	25.76	+466.2
Total	6.78	24.33	+258.8

Source: Freshman Norms: 1974, 1981.
Note: Includes both independent and independent freshmen.

Table XIV

Distribution of SEOG Aid by Parental Education Level
1974, 1981

Parental Education Level	1974 % Aided	1981 % Aided	% Change in Prop. Aided
Grammar School	7.84	10.76	+37.2
Some High School	6.55	8.89	+35.7
High School Grad.	4.69	6.79	+44.8
Postsec., Not College	3.84	6.34	+65.1
Some College	3.64	5.82	+59.9
College Degree	2.33	3.80	+63.1
Some Grad. School	2.58	4.68	+81.4
Graduate Degree	2.03	3.27	+61.1
Total	4.37	6.07	+38.9

Source: Freshman Norms: 1974, 1981.
Note: Includes both dependent and independent freshmen.

Table XV

Distribution of NDSL Aid by Parental Education Level
1974, 1981

Parental Education Level	1974 % Aided	1981 % Aided	% Change in Prop. Aided
Grammar School	7.52	7.18	-4.5
Some High School	7.85	8.52	+8.5
High School Grad.	6.64	8.47	+27.6
Post Sec., Not College	6.88	8.85	+28.6
Some College	5.56	7.81	+40.5
College Degree	3.86	5.91	+53.1
Some Grad. School	4.28	7.04	+64.5
Graduate Degree	3.25	5.06	+55.7
Total	5.80	7.26	+25.2

Source: Freshman Norms: 1974, 1981.
Note: Includes both dependent and independent freshmen.

Table XVI

Distribution of CWS Aid by Parental Education Level
1974, 1981

Parental Education Level	1974 % Aided	1891 % Aided	% Change in Prop. Aided
Grammar School	12.02	14.83	+23.4
Some High School	11.33	13.97	+23.3
High School Grad.	9.03	12.29	+36.1
Postsec., Not College	8.91	12.55	+40.9
Some College	7.60	11.77	+54.9
College Degree	5.37	8.80	+63.9
Some Grad. School	6.53	10.97	+68.0
Graduate Degree	4.73	8.49	+79.5
Total	8.25	11.68	+41.6

Source: Freshmen Norms: 1974, 1981.
Note: Includes both dependent and independent freshmen.

CONCLUSION

This examination of the characteristics of student recipients reveals that student aid recipients differ most extensively along the dimensions of family income and race. It is along these two dimensions that notable changes occurred between 1974 and 1981. Parental educational attainment and aid recipient gender showed smaller amounts of change between the two years.

The dominant finding of this study is the large growth in participation in student aid programs on the part of middle and upper income students. The legislated changes in the aid programs explain this finding. The finding is most pronounced in the case of the GSL program where the income ceiling for eligibility was eliminated. There were sharp increases in GSL participation at the higher income levels.

White and other students increased their participation in the GSL program to a much greater degree than did black and Hispanic students. This finding is not explained. However, it is consistent with results from other studies which have found lower participation rates in loan aid programs among black and Hispanic programs than for white students.

The surprising finding of this study is the shift which occurred within the aided student population. In both 1974 and 1981 the majority of aided students had family incomes over $20,000. The probability that aid recipients had family incomes over $20,000 increased between the two years, particularly among white recipients. Almost two-thirds of all white aid recipients in 1981 had family incomes over $20,000.

There was much less change in the distribution of family incomes among black aid recipients between the two years. The shift which occurred, however, was in the opposite direction from that observed for white students. Family incomes of black aid recipients appears to have been lower in 1981 than it was in 1974. Black students, in general, had much higher participation

rates than white students in the Pell program. However, the purchasing power of Pell grants declined between 1974 and 1981 due to the effects of inflation, the limitations on maximum award size, and the expansion of the eligible population. Pell grants were more likely to be awarded to students of lower family income in 1981 than they were in 1974.

Compared with the Pell and GSL programs, the campus-based programs (NDSL, CWS and SEOG) experienced smaller changes in funding over the period. Changes in participation rates were also more moderate. Participation rates increased across the three programs for all four groups except for the decline in black participation in the NDSL program and the sharp decline in white participation in the SEOG program.

In general, then, the effect of MISAA and the other legislative changes to the aid programs was extension of aid to middle income students, as was intended. The GSL program proved to be an effective vehicle for aiding middle income students. The inclusion of higher income students in the programs may also explain the sharp increases in white program participation rates. There were many more white students at the higher income levels than there were black students. The median income for white families was almost twice that for black families in 1981.

METHODOLOGY

This report compares data on student aid recipients for 1974 and 1981 and examines several student characteristics:

- Parental income
- Race and ethnicity (White, Black, Hispanic, Other)
- Gender
- Parental education

The analysis uses data from The American Freshman: National Norms for 1974 and 1981 (Astin, King, Richardson, 1974, 1981). The base year 1974 was chosen because that was the first year that respondents were asked a full range of questions about student assistance.

The Freshman Norms data are collected from freshmen at a sample of colleges and universities. The results are weighted to represent all full-time, first-time freshmen in college in the survey year. The data have some limitations. First, they are exclusively for freshmen. Other research indicates that upper division students are more likely to borrow money to finance their education. Second, all financial data is self-reported, thus limiting the reliability and precision of the data. Nevertheless, these data provide the only information available on the financial situation of individual students. Past work shows that, in general, these data accurately reflect changing trends in student financial aid. Care should be taken, however, in interpreting small changes as being significant changes.

A third data limitation applicable to this study is a change in the survey instrument between the two years which precludes analysis of the income levels attributed to independent (from family support) students. Consequently, the examination of student aid recipients by their families' income is limited to only dependent students. Dependent freshmen comprised 93 percent of all freshmen sampled in 1981.

Inflation Adjustment Technique

Dollar values used in this study are expressed in 1981 dollars. That is, family income data for 1974 were inflated to create comparability for the two years. Income values were adjusted in a three-step procedure. Income is reported in CIRP in the form of number of families with income falling within defined income classes. The first step taken, then, was assignment to each family a specific income value. This was done through application of established general relationships on the distribution of families within income classes. Thus, the income class $6,000-$12,499 will have more families clustered near the $12,499 value than near the $6,000 value. Correspondingly, the $30,000-$39,999 income class is more densely populated at the lower end than at the higher end. Use of the overall distribution of family incomes permits assignment of a specific income value to each family within an income class.

Once this assignment has been made, the assigned income values are multiplied by the inflation factor to arrive at the 1981-equivalent incomes. Finally, the inflated income values are then used to distribute the families back into the income classes. In general, this technique--following the overall distribution of incomes in the population--results in more inter-income class movement at lower income levels than at higher income levels.